



NEWS

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**FOR RELEASE:
October 9, 2002
FHFB 02-49**

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FEDERAL HOUSING FINANCE BOARD APPROVES CHANGES TO TWO CAPITAL PLANS

The Federal Housing Finance Board today voted to accept modifications to the capital plans of the Federal Home Loan Bank of Seattle and the Federal Home Loan Bank of Indianapolis.

Changes to the Seattle plan enhance the ability of the Seattle Bank to raise sufficient capital for the Bank's balance sheet in ways that suit the needs of its member financial institutions.

Seattle was the first Federal Home Loan Bank to win approval of its capital plan, with a Federal Housing Finance Board vote on March 13th.

"As a consequence of being the first, Seattle was burdened with provisions not imposed on any other Bank," Chairman John T. Korsmo said. "The Finance Board's thinking evolved as subsequent plans were studied and approved, and today's changes reflect that experience, allowing the Bank to manage its own capital while maintaining safety and soundness."

The Seattle amendments passed three-to-two, with Directors Allan I. Mendelowitz and Franz S. Leichter voting no. They objected to amendments to the Bank's capital structure that did not reflect changes in its business plan.

The Indianapolis amendments, which passed unanimously, modify the treatment of excess stock and the process the Bank's member institutions must follow in redeeming stock.

The Gramm-Leach-Bliley Act of 1999 amended the provisions of the Federal Home Loan Bank Act governing the capital structure of the Home Loan Banks. The law mandated the replacement of the existing subscription capital structure with a modern capital structure, with risk-based and leverage capital requirements that are similar to those of depository institutions.

Also Wednesday, the Finance Board approved an additional elective directorship for the Federal Home Loan Bank of Dallas, a position that will represent the Bank's members in Texas.

The Finance Board also named Alfred A. DelliBovi, president of the Federal Home Loan Bank of New York, and Charles L. Thiemann, president of the Federal Home Loan Bank of Cincinnati, to serve on the board of the Financing Corporation (FICO).

FICO is a corporate entity separate from the Federal Home Loan Bank System that oversees outstanding debt issued to assist in resolving the savings and loan crisis of the 1980s.

Thiemann and DelliBovi's terms will run from Nov. 9, 2002 through Nov. 9, 2003. They will replace President Alex J. Pollock of the Federal Home Loan Bank of Chicago and Michael A. Jesse of the Federal Home Loan Bank of Boston.

Chairman Korsmo said it was his intention to name DelliBovi as chairman of the board of the Financing Corporation.

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